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C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001127

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E.O. 12958: DECL: 07/20/2017
TAGS: [PGOV](#) [PINR](#) [EAIR](#) [ENRG](#) [ETRD](#) [TX](#)
SUBJECT: TURKMENISTAN: BOEING REPORTS NEW ORDERS FOR
PLANES, PARTS, AND TRAINING

REF: ASHGABAT 0925

Classified By: Charge Richard E. Hoagland for reasons 1.4 (B) and (D)

11. (SBU) SUMMARY: Turkmenistan Airlines' long-anticipated aircraft order is becoming reality. In addition to three airplanes -- two for the airline, and one for the president -- they are contracting for additional maintenance training and tools. The government anticipates a financial savings from performing a higher level of maintenance on home turf. Further discussions with an Amcit contractor reveals that inflexible planning typical of a command economy cannot meet changing market demands. END SUMMARY.

PLANES, TRAINING, AND TOOLS ON ORDER...BUT NO CONTRACT YET

12. (C) Television news reports on October 13 showed Boeing's sales representative assigned to Turkmenistan meeting with President Berdimuhamedov. According to Boeing's Amcit Field Service Representative in Turkmenistan, Turkmenistan Airlines is ordering new aircraft and tools, and contracting service training. He encouraged Turkmenistan Airlines to buy 737-900's because they have a larger capacity than the 737-800's currently in the fleet. Hence, the airlines is buying two 737-900's for delivery sometime during 2012-2014. Also, it is purchasing one new 777 for the president. After Boeing makes delivery in 2010, a different (unspecified) company will take another year to complete interior refitting and decoration. According to our Boeing source, Berdimuhamedov likes the prestige of owning a new 787 but does not want to wait until the proposed delivery date of 12014. This is a substantial order for a marketplace like Turkmenistan. The lawyers are still hammering out contract details.

PLANS TO SAVE MONEY THROUGH MAINTAINING THEIR OWN PLANES

13. (C) Boeing's Amcit Field Service Representative in Turkmenistan explained that the brain drain of the last 16 years hurt the airline industry. Talented maintenance professionals and pilots left the country long ago, and much

work awaits if Turkmenistan Airlines is serious about achieving this level of maintenance self-sufficiency. He also stated that government officials in control of the purse strings want to save money by maintaining the planes in Turkmenistan -- not Turkey or France, as is now done. As another supposed cost saving measure, Turkmenistan Airlines is contracting for "C check" maintenance training and tools. (NOTE: "C check" maintenance involves thorough checks, performed approximately every 12-18 months, during which time, the aircraft is put out of service. END NOTE.) (COMMENT: It is unclear if performing "C checks" in country is really more economical for Turkmenistan, since it requires a significant outlay of resources. END COMMENT.)

OPPORTUNITY TO ACQUIRE PARTS AND MAKE UPGRADES

14. (C) Another Amcit involved in the aviation business said earlier in October that the Director of Airfield Operations at Ashgabat airport is pleased about the purchase of the aircraft, because it will give him the opportunity to purchase ancillary items needed for daily airfield operations. These items range from small parts to vehicles, but are difficult to acquire because of the lack of an annual budget, and must be bundled with major purchases.

SOME NEWS ON FUEL

15. (C) Problems with fuel shortages at the airport also reveal a recurrent theme of inflexible planning that cannot meet changing market demands, ostensibly due to fear of theft of government resources. This same Amcit businessman also looked into Turkmenistan's recent notification that no U.S.

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military planes could refuel for nearly three weeks due to a lack of jet fuel. Projected fuel deliveries from the refinery in Turkmenbashi were wrong, but officials are reluctant to report shortcomings because they instigate a painful audit process. Our source said any difference between the projection, the output, and sale of fuel product leads to a witchhunt for siphoners. Soon work on a new state-of-the-art fuel tank farm will commence, and other small purchases will be bundled with this contract.

16. (SBU) COMMENT: From an economic point of view, news of the intention to upgrade Turkmenistan's domestic maintenance capability because of a desire to economize provides further proof that the government of Turkmenistan is serious about understanding where all of the money is going (and fighting corruption), vis-a-vis the work of the Supreme Auditing Chamber and the reorganized National Statistics Committee and Institute of Strategic Planning and Economic Development (announced October 15). However, the miserly tendency may also result in compromised safety. One possible lesson from all of this is Turkmenistan needs help with planning and resourcing of logistical support. END COMMENT.
HOAGLAND